GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:5890
ANSWERED ON:03.05.2002
LOANS TO FARMERS
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Will the Minister of FINANCE be pleased to state:

(a) the State-wjse target fixed for providing loans to agriculture sector especially to small and marginal fanners through various public sector banks during the last three years alongwith the target achieved:

(b) whether the Reserve Bank of InWa has .issued any directions to the banks in regard to granting of loans to agricultural sector, out of the total loan sanctioned by them;

(c) if so, the details thereof;

(d) the names of such banks which have failed to follow the directions of RBI;

(e) the action taken by the Government against those banks;

(f) whether despite the availability of loans on the basis of said directions, the capital required for the development of agricultural sector could not be inobilized; and

(g) if so, the steps taken by the Government to increase the loans to farmers, particularly to small and marginal farmers?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGER N. RAMACHANDRAN)

(a): Reserve Bank of India (RBI) has reported that targets for providing agrkulturalloansare fixed bank-wjse and not state-wjse. Further, there are also no separate targets for lending to small and marginal farmers by public sector banks.

(b) & (c): Yes, Sir. A target of 18 per cent of net bank credit has been stipulated for lending to agriculture by public sector banks.

(d): As reported by RBI, the banks which had not achieved the target of 18 percent of net bankcredit as on the last reporting Friday of March.. 2001 are: State Bank of India, State Bank ofBikaner & Jaipur, State Bank of Mysore, State Bank of Patiala, State Bank of Saurashtra, State Bank of Travancore, Allahabad Bank, Andhra Bank, Bank of Baroda, Bank of india, Bank ofMaharashtra, Canara Bank, Central Bank of India, Corporation Bank, Dena Bank, indian Bank, Oriental Bank of Commerce, Punjab National Bank, Punjal & Sind Bank, Union Bank of india, United Bank of india, UCO Bank and Vijaya Bank.

(e): Public sector banks which had not achieved the target for lending to priority sector/agriculture as on the last reporting Friday of March 2001 were allocated amounts for depositing in Rural Infrastructure Development Fund-VII (RIDF-VII) with National Bankfor Agriculture & Rural Development (NABARD). As a measure of penalty, interest rates ondeposits in RIDF-VII have been inversely linked to the banks` shortfall in fulfilling the agriculturallen4ing target of 18 percent of net bank credit. Further a time period of two years has been stipulated for achieving the priority sector lending target/ sub-targets and public sector banks are required to achieve the agricultural lending target by March 2003.

(f) & (g): RBI has taken several steps in the recent past to improve the flow of credit as wellas capital formation in the agriculture sector. These include formulation of Spedal Agricultural Credit Plans by public sector banks, op~1.ing of Specialised Agrictdtural Finance Branches, introduction of IGsan Credit Cards, simplification of procedUNS in regard to creditsystems, setting up of RIDF, introduction of scheme for financing Agri-clinics and Agri-business Centres, introduction of scheme for financing farmers for purchase of land for agricultural purposes, etc.